

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Report Highlights:

Burger King's possible return to Israel; New Israeli Food Law; Reform to the Tariff Rate Quota Allocation System.

Executive Summary: Please see the following items.

General Information:

Burger King may Return to Israel - Four years after it disappeared from downtowns and shopping malls, the American fast food franchise, Burger King, may be coming back to Israel. The earlier demise of Burger King in Israel, as well as the fall of other franchises such as Wendy's, seemed to teach aspiring franchisers that there wasn't room in Israel for more than one international hamburger heavy hitter alongside McDonald's, which has the biggest share of the Israeli market.

Now, Burger King Worldwide is reportedly interested in returning to Israel and is ready to offer an investor group an \$18 million loan to help them re-establish the business. The investor group believes that the Burger King brand can succeed in Israel, ascribing its 2008 departure from Israel to poor management rather than its lack of popularity with Israelis.

The New "Food Law" to Become Effective on 1/1/2015 – The purpose of this law is to increase and stimulate the competition in market for food and consumer products in order to reduce retail prices for the public, in accordance with the Government of Israel's decision dated October 2012. The government's decision was based on the Kedmi Committee's findings and recommendations. The committee was established following Food Demonstrations during the summer of 2011. The Committee found that the market for food and consumer products is dominated by a small group of big suppliers (local manufacturers and importers) who control too large a market share. It also found the existence of special agreements and arrangements between retailers and suppliers that strengthen the position of dominant suppliers, to the detriment of other suppliers. The law defines the allowed relations between the sectors, limits the presence of a retail chain in certain regions, and will demand expanded transparency from the retailers.

Reform in the Tariff Rate Quota (TRQ) Allocation System – The Industries Administration along with the Ministry of Economy introduced a new arrangement for TRQ allocation. Owing to its obligations that derive from its different free trade agreements, the State of Israel is granting TRQs to several countries. The list of products consists of approximately 300 fresh and processed products. Quota allocating committees existed in both ministries: while the Ministry of Agriculture (MOAG) allocated TRQs for fresh fruits and vegetables, unprocessed products (e.g. honey) and dairy products, the Ministry of Economy (MOE) allocated TRQs for processed products. According to the new reform, the MOE will now be responsible for allocating TRQ's for most dairy products and actually will become responsible for most of the allocated quotas. Handling the quotas for fresh products will remain under MOA's responsibility. The new reform will now allow for the allocating committees to allot the quotas, in addition to equality and transparency considerations, also by considering increased competition in the market, an obligation by the quota winner to lower prices and by reducing the ability to trade in quotas. The reform is part of the GOI's struggle to reduce food prices in the Israeli market.